

**ADMINISTRATIVE RULES
FISCAL ESTIMATE
AND ECONOMIC IMPACT ANALYSIS**

Type of Estimate and Analysis

Original Updated Corrected

Administrative Rule Chapter, Title and Number

Chapters Tax 1, 2, and 11 – General administration; income taxation, returns, records and gross income; and sales and use tax

Subject

General provisions of income taxation and sales and use tax

Fund Sources Affected

Chapter 20 , Stats. Appropriations Affected

GPR FED PRO PRS SEG SEG-S

Fiscal Effect of Implementing the Rule

No Fiscal Effect
 Indeterminate

Increase Existing Revenues
 Decrease Existing Revenues

Increase Costs
 Could Absorb Within Agency's Budget
 Decrease Costs

The Rule Will Impact the Following (Check All That Apply)

State's Economy

Local Government Units

Specific Businesses/Sectors

Public Utility Rate Payers

Would Implementation and Compliance Costs Be Greater Than \$20 million?

Yes No

Policy Problem Addressed by the Rule

The rule does not create or revise policy, other than to reflect current law and department policy.

Summary of Rule's Economic and Fiscal Impact on Specific Businesses, Business Sectors, Public Utility Rate Payers, Local Governmental Units and the State's Economy as a Whole (Include Implementation and Compliance Costs Expected to be Incurred)

As indicated in the attached fiscal estimate, since the fiscal impact of any applicable statutory changes has already been reflected in general fund condition statements, the proposed rule has no fiscal effect.

No comments concerning the economic effect of the rule were submitted in response to the department's solicitation.

Benefits of Implementing the Rule and Alternative(s) to Implementing the Rule

Clarifications and guidance provided by administrative rules may lower the compliance costs for businesses, local governmental units, and individuals.

If the rule is not implemented, Chapters Tax 1, 2, and 11 will be incomplete in that they will not reflect current law or department policy.

Long Range Implications of Implementing the Rule

No long-range implications are anticipated.

Compare With Approaches Being Used by Federal Government

N/A

Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)

N/A

FISCAL ESTIMATE FORM

2011 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB #

INTRODUCTION #

Admin rule # Tax 1,2,11: Various Provisions SS074-12

Subject

Proposed order of the Department of Revenue relating to general provisions of income taxation and sales and use tax.

Fiscal Effect

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation

- Increase Existing Appropriation Increase Existing Revenues
 Decrease Existing Appropriation Decrease Existing Revenues
 Create New Appropriation

Increase Costs - May be Possible to Absorb Within Agency's Budget Yes No

Decrease Costs

Local: No Local Government Costs

1. Increase Costs
 Permissive Mandatory
 2. Decrease Costs
 Permissive Mandatory

3. Increase Revenues
 Permissive Mandatory
 4. Decrease Revenues
 Permissive Mandatory

5. Types of Local Governmental Units Affected:
 Towns Villages Cities
 Counties Others _____
 School Districts WTCS Districts

Fund Sources Affected

- GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

Assumptions Used in Arriving at Fiscal Estimate:

The proposed rule updates Chapter TAX 1, 2 and 11 of the Administrative Code. The proposed rule modifies the administrative code to reflect law changes, improve clarity, and update references.

The proposed rule includes:

- Changes to reflect the replacement of the Lottery Board with the Lottery Division within the Department of Revenue.
- A note explaining that public utilities may be in a combined group for taxable years beginning on or after January 1, 2009 for combined reporting purposes.
- Changes to update the procedure by which individuals may claim individual income tax refunds due to a decedent.
- Changes to reflect that pension and retirement pay are not part of the statutory definition of "wages" for withholding purposes.
- Changes to reflect the sales and use tax exemption for purchases made by the Wisconsin Economic Development Corporation created under 2011 Wisconsin Act 7.

Since the fiscal impact of any applicable statutory changes has already been reflected in general fund condition statements, the proposed rule has no fiscal effect.

FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect

2011 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB #	Admin. Rule #
INTRODUCTION #	Tax 1,2,11: Various Provisions

Subject

Proposed order of the Department of Revenue relating to general provisions of income taxation and sales and use tax.

I. One-Time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):

II. Annualized Costs:	Annualized Fiscal impact on State funds from:	
A. State Costs by Category	Increased Costs	Decreased Costs
State Operations - Salaries and Fringe	\$	\$ -
(FTE Position Changes)	()	-
State Operations-Other Costs		
Local Assistance		-
Aids to Individuals or Organizations		-
TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
GPR	\$	\$
FED		-
PRO/PRS		-
SEG/SEG-S	\$	-
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	Increased Rev.	Decreased Rev.
GPR Taxes	\$	\$ -
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
TOTAL State Revenues	\$	\$ -

NET ANNUALIZED FISCAL IMPACT

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ 0	\$ 0
NET CHANGE IN REVENUES	\$ 0	\$ 0
Agency/Prepared by Wisconsin Department of Revenue Bob Schmidt 608 267-9892	Authorized Signature/Telephone No. Wisconsin Department of Revenue Paul Ziegler 608 266-5773	Date 11/12/2012